



## MEMORANDUM

**TO:** Mayor and Council Members

**FROM:** Sylnovia Holt-Rabb, Acting Director, Economic Development Department 

**DATE:** February 2, 2021

**SUBJECT:** February 4th Request for Council Action – to authorize the Circuit Events Local Organizing Committee to submit applications on behalf of the City to the Texas Events Trust Fund for the events occurring from 2021-2022. (Item # 7)

This memorandum provides information regarding the February 4, 2021 Request for Council Action to authorize the Circuit Event Local Organizing Committee (CELOC) to act on the City's behalf for the purposes of conducting economic studies and submitting applications to the Texas Events Trust Fund (ETF) for National Association for Stock Car Racing (NASCAR) events to be held at the Circuit of the Americas (COTA) facility. If approved, CELOC will act on the City's behalf in paying for and conducting the economic studies, submitting the applications, submitting the payments to trigger the establishment of the Funds (if approved by the Governor's Office), and documenting compliance with the requirements to receive reimbursements from the Funds following each event.

### **Item # 7 – Event Trust Fund Applications for NASCAR**

COTA recently secured the winning bid to host NASCAR road races beginning in 2021 and continuing through 2022. The NASCAR event qualifies for the ETF. Its site selection organization is National Association for Stock Car Racing LLC. CELOC will act on the City's behalf to pay for and conduct the economic studies, submit applications, submit the payments to trigger the establishment of the Fund (if approved by the governor's Office) and document compliance with the requirements to receive reimbursement from the Fund following each event. NASCAR estimates the local direct impact for the race at COTA to be between \$40 million and \$60 million. This is based on their experience hosting NASCAR events at Texas Motor Speedway.

### **Refresher on Texas Events Trust Fund and Texas Major Events Reimbursement Program**

As explained in [a 2015 general briefing to the Economic Opportunity and Audit and Finance Committees](#), this action allows for Austin to benefit economically from the state's program to encourage events that generate tourism and that have a documented positive impact on various tax revenues for both the State and the City. The Texas Events Trust Fund (ETF) and Texas Major Events Reimbursement Program (MERP) are state-authorized and state-administered programs. The state determines the amount of any trust fund that is established, and it pays those funds only after determining compliance with the program statute and rules. Some key points regarding the process are:

- A. CELOC pays the local contribution required to establish a Trust Fund. The local contribution, along with the state share, is reimbursed to CELOC only after the Governor's Office of Economic Development and Tourism has verified attendance, including out of state attendance, at the event and verified that the expenditures claimed were allowable and reimbursable. This is consistent with the direction from Council for each of the events at COTA.

- B. The Program Rules can be found in the Texas Administrative Code, Title 10, Part 5, Chapter 184, and Subchapter E. The rules describe the Disbursement Process, including allowable and disallowable costs.
- C. But for the event, the State and City taxes upon which the Trust Fund is based would not increase, so neither the State nor the City would receive those revenues if the event was not held in Austin. This information is explained in [the Governor's Office guidelines](#).
- D. CELOC board members are generally appointed by other CELOC board members. The only exception is the City representative, who is appointed by the City Manager. Although CELOC is subject to public information and open meetings laws, CELOC is not a City board or commission.

In conclusion, per requests from CELOC, on behalf of COTA, after a highly competitive process to obtain NASCAR events at COTA through 2022, staff is requesting approval of a resolution authorizing CELOC to act on the City's behalf to submit the lawfully required information and funding to the State of Texas to establish and utilize the Event Trust Fund process for the NASCAR events. This request is consistent with the prior requests for such authority for CELOC. The value of this program is documented in each application and reimbursement request submitted for these events.

Please contact me at [Sylvia.Holt-Rabb@austintexas.gov](mailto:Sylvia.Holt-Rabb@austintexas.gov) if you need any more information.

CC: Spencer Cronk, City Manager  
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